Annual Report

2011-12

Newfoundland Labrador

Housing

Cover Photo: Hendon Drive, Stephenville
Photo by Clyde Thornhill

Newfoundland Labrador

Housing

Annual Report 2011-12

Message From The Chair

I am pleased to present the 2011-12 Annual Report for Newfoundland and Labrador Housing Corporation (NLHC). This report highlights the activities and programs that are the backbone of our efforts to improve housing quality and affordability for those households most in need.

NLHC continues to focus on implementing the Government of Newfoundland and Labrador's Social Housing Plan - *Secure Foundations*. 2011-12 marked year three of the 10-year plan. The investments and initiatives carried out since the initial release of the Plan, all support the Corporation's mandate to provide secure and affordable housing for households with low-to-moderate incomes.

Investments in 2011-12 continued the focus on improving the physical condition of Newfoundland and Labrador Housing Corporation's large affordable rental housing portfolio. There also continues to be a strong effort to support homeowners with lower incomes who wish to stay in their own homes; the Provincial Home Repair Program and the Residential Energy Efficiency Program remain key components to support this effort. In 2011-12, a Home Modification Program was announced. This Program provides assistance to seniors and persons with disabilities who require accessibility modifications in order to live independently and remain in their homes.

NLHC continues to engage and support its many partners to provide a range of housing options for families, seniors, at risk youth, victims of violence, persons with disabilities, persons with varied and multiple complex needs and to address homelessness.

This Annual Report was prepared under the direction of the Board of Directors of NLHC, in accordance with the Transparency and Accountability Act which requires category one entities to table an Annual Report. The Board of Directors are accountable for the actual results reported in this document.

Len Simms
Chair of the Board of Directors
Chief Executive Officer

TABLE OF CONTENTS

Our Strategic Framework

- Introduction 1
- Mandate, Vision and Mission 1
- Corporate Structure 2
- Organization Chart 3
- Strategic Plan (Report on Performance) 4
- Who We Serve 9
- Financial Profile 11
- Programs and Services 12

2011-12 Year in Review 17

Challenges and Opportunities 23

Financial Statements 25

Appendices

- *Secure Foundations* - Social Housing Plan 63
- Strategic Partnerships 67

Introduction

The *Transparency and Accountability Act (the Act)* provides the framework to ensure the accountability of government entities through preparation and presentation of multi-year performance-based plans and annual reports to the Provincial House of Assembly.

This document outlines NLHC's progress during 2011-12 in achieving its mandate.

Mandate, Vision and Mission

Our Mandate is to develop and administer housing policy and programs for the benefit of low-to-moderate income households throughout the Province.

Our Vision is that Newfoundlanders and Labradorians with the greatest need have access to secure and affordable housing.

Our Mission is to address changing housing needs by improving housing conditions for low-to-moderate income households in Newfoundland and Labrador.

This mission is carried out through four lines of business:

Subsidized Rental Housing

- Provides rental accommodation for households with low incomes on a rent-geared-to-income basis.

Housing Supply Assistance

- Provides grants for critical repairs, home modifications, accessibility improvements for persons with disabilities, or energy efficiency improvements to maintain existing private housing.

- Provides forgivable capital grants to public, private and non-profit organizations to develop affordable rental housing for households with low incomes.

Partner Managed Housing

- Provides financial, technical and administrative support to housing partners in the non-profit, co-operative, and health sectors, who provide rental housing for households with low-to-moderate incomes.

Property Stewardship

- Manages land and property holdings in a cost-effective manner and is sensitive to social housing and related government policy direction.

Corporate Structure

We are a crown corporation responsible for the implementation of Government's social housing policy and programs. We are governed by a Board of Directors that is appointed at pleasure by the Lieutenant-Governor in Council. The Board consists of members from varying geographical areas and interest groups and reports through the Minister of Transportation and Works, Minister Responsible for Newfoundland and Labrador Housing Corporation.

The members of the board as of March 31, 2012 were:

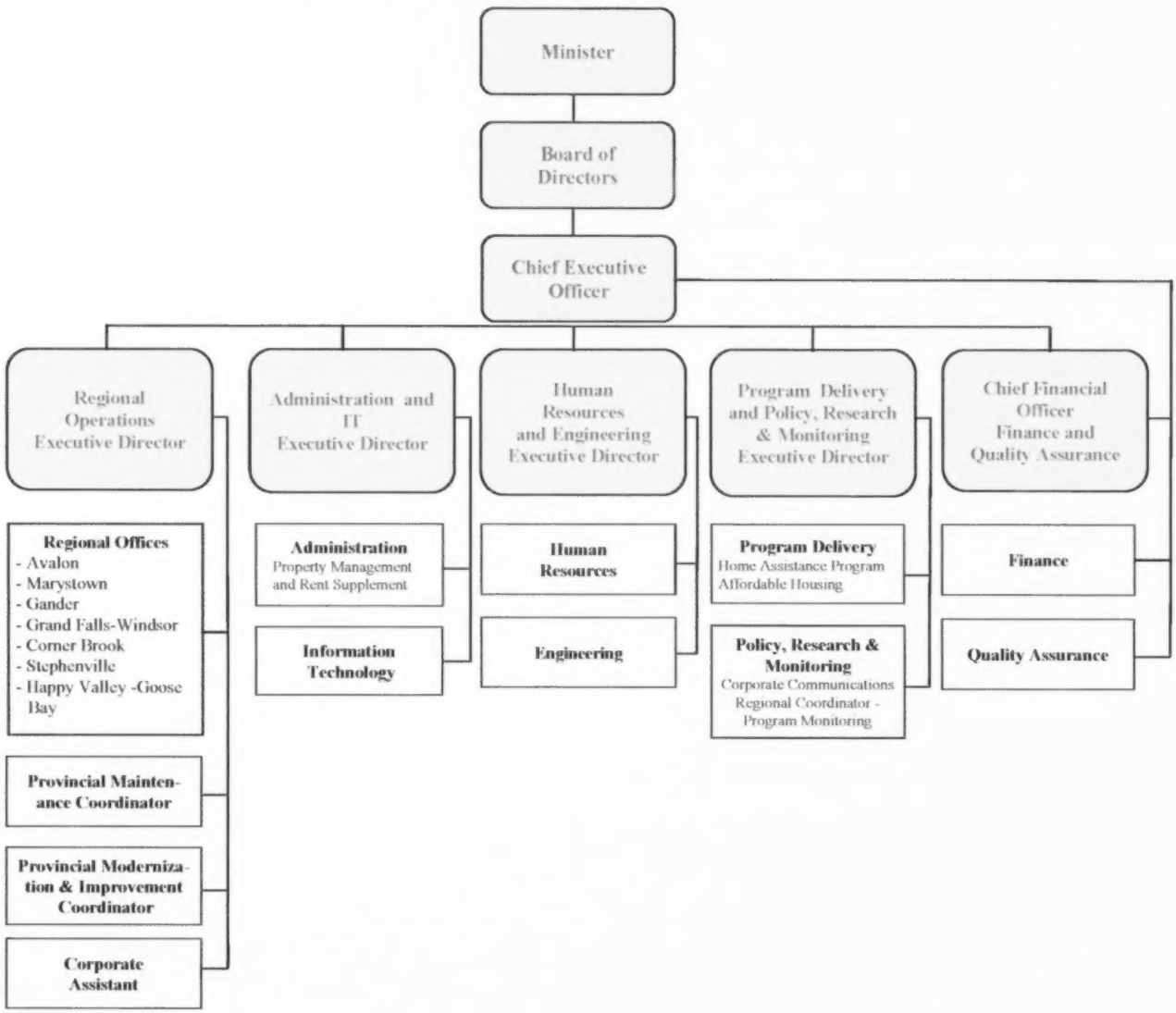
Len Simms Chairman, St. John's	*Barbara Cull* Stephenville	*Rhonda Neary* St. John's
Thomas G. Baker Marystown	*Gerald F. Kennedy* Mobile	*Selma Pike* St. Anthony
Glenda J. Belbin Corner Brook	*Daniel J. McCann* Port au Port West	*Pauline Winter* Lewisporte
Olive Blake Goose Bay	*Sheena McCrate* Torbay	

NLHC's head office is located in St. John's. There are seven additional regional offices: Avalon Regional Office located in St. John's and regional offices in Marystown, Gander, Grand Falls-Windsor, Corner Brook, Stephenville and Happy Valley-Goose Bay.

There are 404 employees across the province (38% female and 62% male).

Location	Positions
Avalon	140
Burin Peninsula	14
Gander	13
Grand Falls-Windsor	30
Corner Brook	47
Stephenville	20
Labrador	17
Head Office	123
Total	404

Organization Chart



Strategic Plan (Report on Performance)

NLHC's mission, which is in keeping with the overall vision of secure and affordable housing for all, is to improve housing conditions for households with low-to-moderate incomes. This mission also recognizes that housing needs are constantly changing. The chart below indicates the primary goals identified to accomplish the mission, as well as the 2011-12 accomplishments toward meeting these goals.

ISSUE 1: Sustaining the public affordable housing portfolio

Most social housing in Newfoundland and Labrador was built 30 to 50 years ago. The age of the infrastructure, combined with many years of deferred maintenance, has required a significant increase in capital investment, just to ensure that the current social rental housing portfolio is not lost. This has been achieved by making increased investment in internal and external renovations to the stock, planning and carrying out specific neighborhood renewal plans, and following through on the Corporation's regularly scheduled maintenance and improvement requirements.

The continued focus on improving the condition of the social housing stock along with increased financial commitment has allowed NLHC to make great progress in ensuring the stock is in good physical condition for many years to come.

Goal: **By March 31, 2014, NLHC will have improved the condition of the public affordable rental housing portfolio.**

Objective: **By March 31, 2012, NLHC will have upgraded public affordable housing homes and continued renewal plans in older public affordable housing neighborhood(s).**

Measure: Upgraded public affordable rental housing homes and continued renewal in older public affordable housing neighborhoods.

Indicator(s)	2011-12 Accomplishments
Number of public affordable rental housing homes upgraded.	500 units underwent major upgrading with the work being valued at $8.85 million. These renovations included building envelope upgrades (doors, windows, siding, roofs, etc.) as well as electrical upgrades, foundation repairs, accessibility modifications, etc.

Indicator(s)	2011-12 Accomplishments
Renewal of older public affordable housing neighborhoods.	In 2011-12, NLHC continued upgrading its key older neighbourhoods. Three buildings (24 units) were upgraded on the "Cashin/Froude Avenue Renewal area"; three buildings (24 units were upgraded in the "Empire Avenue Renewal area" and work continued in the "Crestview Renewal area" in Corner Brook as well.

Discussion of Results:

NLHC continues to make significant progress towards the goal of improving the overall condition of the public affordable rental housing stock. Since 2007, annual investment in the upgrading efforts has increased from $4 million to $12 million. This continued commitment, in addition to the 2009-11Federal/Provincial Economic Stimulus funding, has helped upgrade more than 66 percent of the Province's public affordable rental housing stock. Furthermore, work is advancing well on older neighbourhoods that have required more than just external upgrades to units; full neighborhood renewal plans continue for the Cashin/Froude Avenue and the Empire Avenue (Rabbitown) neighbourhoods in St. John's, as well as, the Crestview neighborhood in Corner Brook. The work completed thus far has been complimented by tenants and community agencies, as well as, life and safety service providers.

Indicator Development for 2012-13

Objective 2013:	**By March 31, 2013, NLHC will have continued with upgrading and neighborhood renewal plans.**
Measure:	Upgraded public affordable rental housing homes and continued renewal in older public affordable rental housing neighbourhoods.

2012-13 Indicators

- Number of units upgraded through the modernization and improvement program.
- Percentage completion of the long-term renewal plans of older public affordable rental housing neighbourhoods.

ISSUE 2: Responding to changing housing needs

The Province's changing population demographics requires current programs have the flexibility to be changed and altered enabling effective and efficient funding responses to changing housing needs. This applies to the private housing stock as well as the social housing stock. Another primary goal of NLHC is to support households with low-to-moderate incomes that live in the private market. Some people own their own homes and wish to stay there, others are renting in the private market and wish to stay there. Additional financial support can allow some people to live independently despite their changing housing needs. For some individuals, this might mean a loan to make an emergency repair to a furnace or roof; for others it might be a modification to make a home more accessible. Considering the aging population, such programming is extremely important in responding to changing housing needs.

Providing rent supplements to individuals to allow them to live in a private sector unit that they could not otherwise afford, represents an important housing options. NLHC's Rent Supplement Program has grown significantly in size in recent years; particularly in light of the demand for one and two-bedroom units.

Goal: **By March 31, 2014, NLHC will have improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.**

Objective: **By March 31, 2012, NLHC will have undertaken measures to respond to changing housing needs.**

Measure: Initiatives undertaken to respond to changing housing needs.

Indicator(s)	2011-12 Accomplishments
Number of repair and modification grants provided.	• Served 1,351 households with funding for regular home repairs and 749 households with funding for emergency repairs. This funding enabled clients to complete essential repairs and remain in their own homes. • Served 493 clients with funding for accessibility modifications through the Home Modification Program. • 1,018 Residential Energy Efficiency Program (REEP) applicants were approved in 2011-12.

Indicator(s)	2011-12 Accomplishments
Number of repair and modification grants provided to specific target groups.	In 2011-12, Provincial Home Repair Program (PHRP) assisted the following number of households in specific target groups: • Seniors - 2,137 grants • Non-seniors - 445 grants • Persons with Disabilities - 493 grants.
Number of households assisted under the Rent Supplement Program.	Utilized $1.0 million in increased funding for rent supplements to gain 163 new low-income accommodations.
Number of new affordable housing units approved for development.	Committed funding for 207 units in 28 private-sector projects ($8.49 million) and funding for 39 supportive living units in seven non-profit sector projects ($5.125 million).
Number of new affordable housing units constructed.	2011-12 saw the completion of 366 units under the Affordable Housing Initiative that were approved in the 2009 proposal call. An additional 246 conditional approvals were given as the result of the Affordable Housing proposal call (to be constructed in the next two years).
Number of new affordable rental housing units developed for specific target groups.	The 2011-12 proposal call generated conditional approvals for the following targeted groups: • Multiple target groups - 131 • Seniors - 76 • Supportive Housing - 39 Includes 71 fully accessible units. • Conditional approvals are awarded to proponents based upon geographic need and demand, financial considerations, technical considerations and respondent capacity.

Discussion of Results

The delivery of safe and affordable housing to low-income households through the direct delivery of public affordable rental housing remains key, however, NLHC is also committed to the goal of assisting low-income homeowners to stay in their homes as well as promote the development of affordable rental housing in the private rental market. NLHC delivers a suite of

home renovation programs which address that commitment. The PHRP offers home repair grants and loans for low-income homeowners, which enables them to remain in their homes longer. The HMP provides home modification upgrades for accessibility requirements, and the REEP offers grants for energy efficiency renovations, making homes more affordable. More than 3,600 grants were provided to low-income homeowners in 2011-12.

The private rental market has experienced low vacancy rates throughout the province, and very little construction. NLHC's Affordable Housing Program (AHP), Rental Residential Rehabilitation Assistance Program (Rental RRAP), and Rent Supplement Program helps address this issue by partnering with private developers and/or landlords to provide affordable housing to low-income households. These programs encourage new construction and enable access to one and two-bedroom private rental stock, not readily available in the older public housing portfolio.

Indicator Development for 2012-13

Objective 2013:	**By March 31, 2013, NLHC will have further implemented measures to respond to changing housing need.**
Measure:	Activities taken to improve housing conditions to respond to changing housing need.

2012-13 Indicators

- Number of repair grants and loans provided.
- Number of accessibility modification related grants and loans provided.
- Number of repair and accessibility modification grants and loans provided to specific target groups.
- Number of energy efficiency grants provided to homeowners to improve the energy efficiency of their homes.
- Number of households assisted under the Rent Supplement Program.
- Number of new affordable housing units reaching construction completion.
- Number of new affordable housing units reaching construction completion for specific target groups.

Who We Serve

NLHC serves families and individuals who require assistance to access secure and affordable housing. Our programs range from simple direct delivery of rental accommodations or home repairs, to more complex housing delivery where we work with community partners to address the needs of those who require support services and affordable housing. In 2011-12, approximately 16,000 households were directly assisted through our social housing programs. In addition, many others have been assisted by partnering agencies (non-profit groups supported by NLHC).

Households Served (Direct)	
Public Affordable Rental Housing	5,571
Rent Supplement Tenants	1,797
Partner-Managed Housing	4,429
Provincial Home Repairs (PHRP)	2,089
Residential Energy Efficiency (REEP)	776
Subsidized Mortgages	75
Affordable Housing	820
Home Modification Program	493

Queens Street, Stephenville

Vimy Avenue, St. John's

Newfoundland and Labrador Housing Corporation, take another look!

"You've heard the myth: that low-income households get too many benefits. It's not a brush that we like to be painted with. My wife and I work hard to provide for our family. Still, the dream of owning our own home evades us. So finding a good affordable place to live was critical. The place we now rent is safe and affordable. Our quality of life has improved tremendously. We make no excuses! My name is Matthew and I'm a proud tenant of Newfoundland and Labrador Housing."

When NLHC asked if I'd like to voice a radio ad aimed at reducing the stigma around social housing, I didn't hesitate to say 'yes.'

As I said in the ad, my wife and I and our daughters have been living in social housing for several years and while we are working people, our hopes of owning our own home, especially in the current housing market, just isn't in the cards.

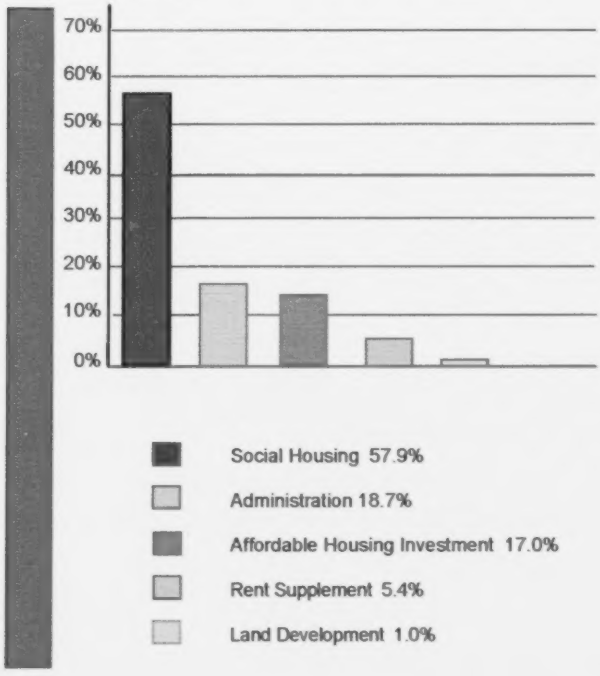
We are, however, very comfortable in the home we rent. It's in a good neighbourhood that is close to schools and amenities.

From the response we've received, I think the ads did a good job of changing many people's minds – and my family is very proud to have been a part of that!

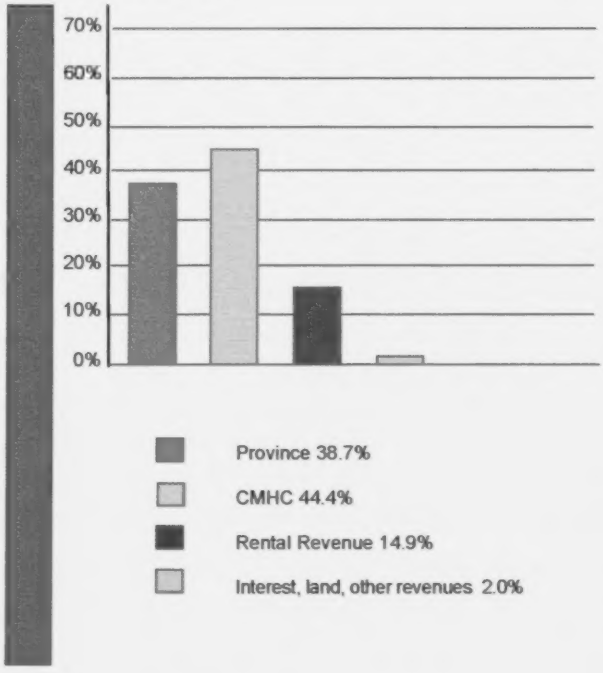
- Matthew

Financial Profile 2011-12

Expenditures



Sources of Funds



- Current Account Expenditures for 2011-12 were $138,048.000.

Programs and Services

NLHC's programs offer a range of housing solutions that have evolved to meet the ever changing housing needs of residents across the province. The suite of programs and services offered is the foundation of Government's efforts to improve housing quality and affordability for those who need it most.

The Public Rental Housing Program (including Modernization and Improvement, Maintenance and Heat Subsidy), the Provincial Home Repair Program, the Home Modification Program, the Rent Supplement Program, the Rental Rehabilitation Assistance Program, the Residential Energy Efficiency Program, the Affordable Housing Program, and the Provincial Homelessness Fund all contribute to reducing poverty and moderating the housing affordability challenges faced by renters and homeowners with low-to-moderate incomes.

Public Rental Housing

Modernization and Improvement

NLHC owns and operates more than 5,500 residential rental units located throughout the province. In 2007-08, the Government of Newfoundland and Labrador recognized that much of this infrastructure was in a state of disrepair and committed to significant investments to improve the condition of these homes. Since that time, NLHC has utilized increased investments from the province as well as timely program funding through the Federal/Provincial Economic Stimulus Program to make significant progress in upgrading the existing public rental housing stock.

Wallace Place, St. John's

Froude Avenue, St. John's

So far, well over half of the 5,500 units have been upgraded, including 500 in 2011-12. These renovations include the replacement of roofing, siding, windows and doors, and for the first time ever, the interior retrofitting of some of the oldest public rental housing in Canada.

Maintenance

Daily maintenance and upkeep of our public housing is critical to ensure safe and quality shelter for tenants and to sustain the housing stock over the long term. NLHC staff work tirelessly on normal wear and tear, such as broken furnaces, broken faucets or clogged drains; all to maintain the "comforts of home" for our tenants.

In 2011-12, maintenance expenditures totaled $10.97 million province-wide. This funding contributes directly and significantly to improving the quality of NLHC units which is an important objective of the long-term Social Housing Plan and the short-term Strategic Plan.

Heat Subsidy Program

The Heat Subsidy Program provides a subsidy to NLHC tenants to offset some of their heating costs. The average annual subsidy received by tenants is $1,450. For some households this can offset their heating costs for a full year.

Provincial Home Repair Program

The Provincial Home Repair Program is considered one of the most successful housing programs ever offered by NLHC and has assisted a vast number of homeowners across the province. This program provides home assistance in the way of grants and loans to families with low-incomes who own their own homes. The program has had a tremendous impact on people by allowing them to remain in their own homes and communities. It is a key component in the Government of Newfoundland and Labrador's continued efforts to ensure the self-reliance and resiliency of our people.

PHRP is delivered two ways. For non-emergency items, financial assistance is provided on a waitlist basis for repairs such as windows, doors, siding, and foundations. For more urgent items, financial assistance is provided on a priority basis for repairs that relate to life safety issues that would otherwise prevent the homeowners from staying in their homes.

PHRP is a federal/provincial cost-shared program; in 2007, the Province decided to double its commitment to the program by investing $8 million annually for six years. The funding delivered in 2011-12 was delivered to 1,351 regular clients and 749 emergency clients. In addition, another 431 repayable loans worth $1.85 million was provided to assist with home repairs. At the end of March 2012, there were 2,064 applicants waiting to be served; this number is slightly less than March 31, 2011 (2,149) and significantly reduced from 2007 when there were nearly 5,000 applicants waiting to be served.

Home Modification Program

Historically, modifications for accessibility requirements were completed under the PHRP program. In April 2011, the Province announced a new program, the Home Modification Program, with distinct funding in the form of $1 million to assist persons with low-to-moderate incomes make home modifications for accessibility purposes. NLHC followed the new provincial commitment by dedicating the $2 million that had been traditionally spent on modifications through PHRP to the new HMP. Through re-focusing and increasing the commitment to these types of home repairs and modifications, NLHC has been able to significantly address the changing Provincial demographics; particularly the aging population.

In 2011-12, there was a total of $3.1 million spent through HMP. This funding was delivered to 493 clients to build ramps, install grab bars, widen doors and install accessibility features to bathrooms and kitchens.

Rental Residential Rehabilitation Assistance Program (Rental RRAP)

While it is important to improve the quality of privately-owned homes through the PHRP, it is also important to improve the quality of housing for tenants with low-incomes renting in the private market. Rental RRAP helps maintain the private rental market stock.

NLHC partners with private-sector landlords, non-profit groups and co-operatives to repair and rehabilitate properties rented to low-income households. In 2011-12, Federal/Provincial funding of approximately $2.5 million was spent on this type of programming.

2011-12 Rental Rehabilitation Program	Funding	Invested In
Rental/Rooming House RRAP	$1,011,613	68 units
Shelter Enhancement Program	$143,958	6 units
Conversion RRAP	$109,705	4 units
Total	$1,265,276	78 units

Residential Energy Efficiency Program

The Residential Energy Efficiency Program (REEP) supports Government's Energy Plan 2007 commitment "to facilitate an energy efficiency and conservation program and to encourage energy consumers to make the effort and investments required". The program pays for pre and post inspections and provides grants to homeowners to allow them to complete energy efficiency recommendations that are identified though the inspection process.

In 2011-12, 776 homeowners received a total of $2.25 million in REEP grants. These homeowners were able to undertake renovations such as: basement and attic insulation, draft-proofing, heating system upgrades as well as energy efficient windows and doors. It is estimated that the average client will save $775 annually on heating costs.

Affordable Housing Program

Changing housing requirements, in conjunction with changing affordable housing delivery models has led to a new way to stimulate the construction of new affordable housing. The Affordable Housing Program provides incentive funding to private market developers and non-profit groups to generate new work construction.

Since 2005, there have been 1,094 units constructed under this program. In 2011-12, there was a new proposal call which has resulted in the conditional approval of 207 private-sector units and 39 supportive living units.

Through the Affordable Housing Program, NLHC has been able to help address the housing demand for smaller units, accessible units, and housing alternatives for persons with varied and multiple complex service needs.

Official Opening of Charwood Legion Manor, Carbonear, November 2, 2011

Rent Supplement Program

In many instances, the needs of residents with low-incomes are best met in the private housing market and NLHC has developed a number of formal relationships with private-sector landlords to deliver suitable and adequate accommodations. The Rent Supplement Program assists households with low-incomes by paying a portion of their rent for private rental accommodations. The tenant's rental payment to landlords is 25 percent of their net income and the remaining portion of the rent is paid directly to the landlord by NLHC.

The Rent Supplement Program was enhanced in 2011-12 and an additional $1.0 million has been invested to increase the number of rent supplements to serve a total of 1,542 households.

Provincial Homelessness Fund

The Provincial Homelessness Fund was designed and delivered in response to stakeholder requests for capital funding to permit the delivery of services for persons at risk of homelessness. The program provides assistance to registered, non-profit organizations to provide service space for on-site and out-reach services that promote housing stability and greater self-reliance for persons at risk of homelessness.

Since the program was introduced in 2009, there have been 35 grants to serve a large number of residents.

2011-12 Highlights

1. Introduction of the new Home Modification Program with increased and designated funding.
2. NLHC recognized as the first provincial housing authority in Canada to require "Universal Design Principles" be incorporated in all new affordable and social housing design construction.
3. NLHC built four new units in Hopedale and four new units in Nain.
4. New formal process put in place to generate condition reports on the NLHC units that will provide more information regarding the prioritizing of upgrades and repairs of the Provincial Social Housing Portfolio (75% are now considered to be at top grade).

2011-12 Year in Review

2011-12 was an exciting and encouraging year in the world of social housing in Newfoundland and Labrador. For NLHC, there were great strides made in upgrading public rental housing units, there was a renewed and increased commitment to the renovation programs, and there continues to be a tremendous relationship and partnership fostered between NLHC and our many housing stakeholders.

In addition to our core programs, NLHC continues to be engaged in the community.

Investments in Tenants

First Aid Training

NLHC employee and certified first-aid instructor, Bob Thorne, provided training to youth in Community Centres province-wide. He also provided first-aid training to NLHC employees and their spouses/partners, children and caregivers.

> "I have to say that this first-aid class was the best I ever attended. We all walked away feeling that we understood the proper techniques of emergency first-aid."
>
> *- Tom Lawrence, Chief Financial Officer*

Scholarship Provision

NLHC awards scholarships to tenants who are high school graduates or adults pursuing post-secondary education. Each scholarship is valued at $1,000. Youth scholarships are awarded based on Department of Education's scholarship score and adult scholarships are awarded based on an application, screening and interview process.

2011-12 Scholarship Winners

Youth	Adult	
Gerald Spurrell Avalon/Eastern	Jackie Frampton Avalon/Eastern	Rebecca Walsh Avalon/Eastern
Matthew Kendell Central	Nancy Corbin Central	Jeanine Collins Central
Renee Steeves Western/Labrador	Kathryn Cashin Western/Labrador	Christopher John Barry Western/Labrador

Education Incentive

The Education Incentive Program continues to be a highly acclaimed program designed to encourage tenants' children to stay in school. There is an emphasis on educating youth and young adults as a way to reduce poverty and improve overall well-being. NLHC's Program provides a monthly financial incentive of $50 per student attending junior high, high school or in full-time attendance at a post-secondary institution.

In 2011-12, approximately 1,400 public affordable rental housing tenants availed of the incentive. In 2012-13, there will be an evaluation completed on the impact this incentive has had on dropout rates and graduation rates.

Tenant Conference

In September, NLHC hosted the 26th annual Tenant Conference in Gander. The conference brought together a total of 100 of our tenants representing 38 volunteer tenant associations. The theme of the conference was Healthy Body, Healthy Mind and this was the main focus of seminars presented throughout the two-day conference.

There were a number of acknowledgements including the 15-year anniversary of the Crosbie/ Portia Place Tenant Association (St. John's) and nine new associations were welcomed.

Anti-stigma Ad Campaign

During the month of June, NLHC ran a small radio ad campaign in an attempt to reduce the stigma associated with social housing. The ads were based on real life tenants who lent their voices to be part of the campaign. You can read more about these tenants on pages 10 and 21.

The campaign was meant to promote awareness, understanding, compassion and acceptance. There was a significant positive response to the campaign.

Radio Listener Quote

"I like the new ads you are running. Well done and I think they put a "normal" and human face on your tenants. These people are no different than you or I. In fact, the ads will probably give a feeling of pride to many tenants."

Community Involvement

Employees Reaching Out

Employees Reaching Out (ERO) has been operating at NLHC since 1990. It all started when an employee discovered a family that literally had nothing for Christmas - no tree, no decorations, no food and no gifts. Employees took action and formed a committee to help address such situations.

Since then, with the generosity of employees and the support of the Executive, ERO has grown and now provides help to tenants in a wide variety of ways.

In 2011-12 the committee, through a number of different fundraising efforts, raised $5,571 to provide this support and make the lives of our tenants a little brighter.

Top l-r: Wayne Follett, Jenny Bowring. Standing l-r: Lorna Kavanagh, Ann Marie Moores, Kate Moffatt, Holly Penney, Karla Rix.
Missing from photo: Michelle White, Nora Hanlon.

NavNet - Navigators & Networks

NavNet is a network of government and community organizations established in St. John's to help address the gaps and barriers that individuals with "complex needs" often encounter when trying to avail of government's programs and services.

In 2011-12, the first five NavNet clients were selected and multi-system planning teams were established to assist each client.

NLHC is proud to be one of the partnering members of this new initiative and continues to support NavNet by providing representation on the governing committee as well as representation in the distinct service teams attached to each NavNet client.

Children's Wish Foundation

NLHC employees regularly support the Children's Wish cause, participating in golf tournaments, ticket sales and the Wishmaker Walk for Wishes. Once again in 2011-12, employees went that extra mile to make one child's wish come true. Employees from the Avalon Regional Office completed a bedroom renovation for 13 year-old Shawn who wanted a new bedroom more than anything else. NLHC staff transformed two small bedrooms into one large bedroom with new furniture and accessories.

On completion, Shawn's family and friends gathered before he came home from school and threw him a surprise party to introduce him to his new bedroom.

In 2011, NLHC also participated in the Evergreen Recycling Greenest Office Challenge. The goal was to increase beverage container recycling efforts within the business/office place, while raising funds to grant wishes for children. NLHC staff donated the most beverage containers in the province, raised the most money and won the competition.

Shawn's bedroom make-over is revealed

Newfoundland and Labrador Housing Corporation, take another look!

"We have two children with special needs and after his stroke, my husband required supports, too. From day one our landlord has shown nothing but respect and support for my family's quest for independent living. As our needs increased, they done the kitchen, bathroom, widened doorways, installed ramps and grab bars for my husband. Our home is accessible and comfortable! My name is Linda and I am a proud tenant of Newfoundland and Labrador Housing."

We have received some positive feedback since I did that radio ad about what it's like to live in housing and I'm glad that I had the chance to do that.

My husband, Jim, and I, and our family have been tenants of Newfoundland and Labrador Housing for 30 years. I think it's important people know that living in social housing today is different than years ago.

It has given our family a safe environment to live in and Housing has always supported my family's special needs with anything we needed.

Having our own home would be nice, but we've come to the realization that this *is* our home. Raising our grandchildren in a safe environment is also an aspect that we cherish.

-Linda

Partner-Managed Housing Conference

Partner-Managed Housing projects are run by volunteer Boards of Directors who live in the community and provide volunteer services to help operate these affordable housing units. Sixty-five percent of this housing is provided for seniors, 18 percent for families and 13 percent for complex needs clients and four percent for non-elderly singles.

NLHC annually hosts and sponsors a conference for our Partner-Managed Housing providers. In St. John's in the fall of 2011, about 100 housing stakeholders from across the province turned up for the event which featured presentations on dispute resolution, privacy issues and elder abuse.

Improving Efficiency

Program Delivery System

On April 4, 2011, NLHC unveiled the new Program Delivery System (PDS). The program was developed entirely "in-house" over a two-year period by a team of IT professionals and end users. The system is used to administer NLHC Programs such as PHRP and REEP. The change moved the corporation's program delivery system into a user-friendly "Windows" environment that has been well received by front-line delivery staff.

Sonya Thomas, Glenn Power

Pavan Purohit, Kevin Murphy, Maureen Cole

Employee Self-Service

In March 2012, NLHC's Employee Self-Service System went live. This new system modernizes the way the organization tracks human resource related information. It provides a mechanism whereby individual employees can monitor, track and enter leave and other entitlements.

Challenges and Opportunities

Challenges

The economic prosperity experienced in the province continues and with all the benefits that come from this prosperity, there are other issues that need to be addressed. Housing issues for those that benefit the least from economic prosperity will continue to be a challenge.

More and more households are finding it difficult to afford housing. There are very low rental housing vacancy rates in all major centres throughout the Province, this has resulted in a growing pressure to address the broad issue of housing affordability.

There continues to be increasing demand for a greater variety of supportive living options to meet the diverse needs of those in our communities experiencing multiple and complex challenges. It is only through strategic partnerships between infrastructure providers like NLHC and non-profit and public sector service providers that these challenges can be clearly identified and action taken to improve the situation.

Changing household demographics continue to present a major challenge in meeting the demand for housing services. The challenge to address the needs of those seeking one and two-bedroom units puts increased pressure on the current public housing stock which was built 30 to 50 years ago and consists mostly of three and four bedroom units.

NLHC is continuously investigating innovative and creative solutions to low-income housing challenges. It does so being mindful of the public purse and is proactive in ensuring that its current programs and program delivery mechanisms are effective and efficient.

Opportunities

A Social Housing Plan for Newfoundland and Labrador - *Secure Foundations* was released in 2009-10. This plan outlines the key issues and strategic action priorities being pursued by Government to address the housing needs of the people of the Province. Government remains committed to the plan, and it continues to be strongly supported by community stakeholders as a clear course of action on social housing issues. A Strategic Stakeholders Input Session is held annually to allow community partners, stakeholders, individuals, non-profit organizations and government representatives an opportunity to shape the direction on policy and program development around social housing.

In 2011-12, there were significant initiatives implemented in support of the plan. As a result, NLHC has been able to make gains in improving the housing circumstances of renters and homeowners with lower-incomes throughout the entire province. Stakeholders were consulted once again in late 2011 and several proposals were developed as action items for 2012-13.

NLHC sits on many Government-led committees, and supports many not-for-profit housing sector groups across the province. Through these relationships and partnerships, opportunities arise to promote housing stability, independent living, well-being and self-reliance. The 2012 transfer of the Supportive Living Community Partnership Program (now Supportive Living Program - SLP) will allow NLHC to work closer with community agencies that provide support services to persons experiencing complex challenges.

NLHC has a number of Research and Development projects that have been completed. Further research activities include research related to land acquisition, reconfiguring larger units into smaller units and the identification of possible down-payment assistance program models that could potentially be used in Newfoundland and Labrador.

Financial Statements

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2012

Management's Report

Management's Responsibility for the Newfoundland and Labrador Housing Corporation Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Housing Corporation.

On behalf of the Newfoundland and Labrador Housing Corporation.

Mr. Len Simms
Chairman and Chief Executive Officer

Mr. Thomas F. Lawrence, CMA, FCMA
Chief Financial Officer

1 October 2012

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Newfoundland and Labrador Housing Corporation which comprise the statement of financial position as at 31 March 2012, the statements of operations and accumulated surplus, change in net debt and cash flows for the year ended 31 March 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Housing Corporation as at 31 March 2012 and its financial performance and its cash flows for the year ended 31 March 2012 in accordance with Canadian public sector accounting standards.

Comparative information

Without modifying my opinion, I draw attention to Note 2 to the financial statements which describes that the Newfoundland and Labrador Housing Corporation adopted Canadian public sector accounting standards commencing with the 2012 fiscal year, with a transition date of 1 April 2010. These standards were applied retroactively by management to the comparative information in these financial statements including the statement of financial position as at 31 March 2011 and 1 April 2010 and the statements of operations and accumulated surplus, change in net debt, and cash flows for the year ended 31 March 2011 and other explanatory information. The restated comparative information is unaudited.

TERRY PADDON, CA
Auditor General

1 October 2012
St. John's, Newfoundland and Labrador

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

As at

	31 March 2012	31 March 2011	1 April 2010
	(000's)	(000's) (Note 2) (Note 29) (Unaudited)	(000's) (Note 2) (Note 29) (Unaudited)
FINANCIAL ASSETS			
Cash	**$ 60,288**	$ 64,772	$ 54,910
Accounts receivable (Note 6)	**1,577**	1,501	1,017
Land held for sale (Note 7)	**534**	1,322	1,322
Due from government and other government organizations (Note 8)	**4,951**	7,957	11,505
Loans receivable (Note 9)	**7,335**	8,578	10,502
Receivables from municipalities - land transfers (Note 10)	**1,150**	1,264	1,448
	75,835	85,394	80,704
LIABILITIES			
Accounts payable and accrued liabilities (Note 11)	**11,240**	10,689	9,697
Employee future benefits (Note 12)	**22,974**	21,382	20,060
Due to government and other government organizations (Note 13)	**837**	1,739	1,125
Deferred revenue (Note 14)	**13,564**	20,741	19,671
Long-term debt (Note 15)	**122,238**	129,025	134,202
	170,853	183,576	184,755
Net debt	**(95,018)**	(98,182)	(104,051)
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 16)	**135,591**	140,207	141,854
Inventories held for use	**382**	354	355
Prepaid expenses (Note 17)	**3,739**	3,730	3,556
	139,712	144,291	145,765
Accumulated surplus (Note 19)	**$ 44,694**	$ 46,109	$ 41,714

Contingent liabilities (Note 18)
Contractual obligations (Note 20)
Trust under administration (Note 23)

Signed on behalf of the Corporation:

Chairperson **Member**

The accompanying notes are an integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual
	(000's) (Note 27)	(000's)	(000's) (Note 2) (Note 29) (Unaudited)
REVENUES (Note 21)			
Province of Newfoundland and Labrador operating grant	$ 52,439	$ 52,827	$ 57,795
CMHC revenue	53,306	60,719	68,336
Other government sources	225	332	1,576
Rent	19,228	20,337	19,659
Interest	526	1,218	1,365
Land sales	-	205	102
Profit from land sales by municipalities	200	537	674
Gain on sale of tangible capital assets	-	2	-
Other	36	456	598
	125,960	136,633	150,105
EXPENSES (Note 21)			
Rental operations	61,119	68,042	65,963
Partner managed housing	11,085	11,908	13,805
Affordable housing investments	23,117	23,532	34,010
Rent supplement	7,355	7,391	6,490
Land development	-	1,322	66
Administration	23,092	25,853	25,376
	125,768	138,048	145,710
Annual surplus (deficit)	192	(1,415)	4,395
Accumulated surplus, beginning of year	46,109	46,109	41,714
Accumulated surplus, end of year	$ 46,301	$ 44,694	$ 46,109

The accompanying notes are an integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual
	(000's) **(Note 27)**	**(000's)**	(000's) (Note 2) (Note 29) (Unaudited)
Annual surplus (deficit)	$ 192	$ (1,415)	$ 4,395
Changes in tangible capital assets (Note 16)			
Acquisition of tangible capital assets	(7,311)	(2,142)	(5,026)
Net book value of tangible capital asset disposals and write-downs	-	405	72
Amortization of tangible capital assets	-	6,353	6,601
	(7,311)	4,616	1,647
Changes in other non-financial assets			
Net (acquisition) use of inventories held for use	-	(28)	1
Net acquisition of prepaid expenses	-	(9)	(174)
	-	(37)	(173)
(Increase) decrease in net debt	(7,119)	3,164	5,869
Net debt, beginning of year	(98,182)	(98,182)	(104,051)
Net debt, end of year	$ (105,301)	$ (95,018)	$ (98,182)

The accompanying notes are an integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2012	2011
	(000's)	(000's) (Note 2) (Note 29) (Unaudited)
Operating transactions		
Annual (deficit) surplus	$ (1,415)	$ 4,395
Adjustment for non-cash items and change in non-cash operatings items:		
Contribution of tangible capital assets	-	(1,199)
Mortgage subsidies and losses on mortgages, loans and repossessions	22	1,364
Amortization of tangible capital assets	6,353	6,601
Write-down of tangible capital assets	76	-
(Gains) losses on sale of tangible capital assets	(2)	7
Write-down of land for sale	1,322	-
Employee future benefits	1,592	1,322
Deferred revenue	(7,177)	1,070
Forgivable loans	7,924	18,717
Other (Note 24)	2,542	4,497
Cash provided by operating transactions	11,237	36,774
Capital transactions		
Proceeds on sale of tangible capital assets	331	65
Cash used to acquire tangible capital assets	(2,142)	(3,827)
Cash applied to capital transactions	(1,811)	(3,762)
Investing transactions		
Decrease in receivable from municipalities - land transfers	114	184
Increase in land for sale	(534)	-
Repayment of loans and advances	3,227	2,566
Forgivable loans	(7,924)	(18,717)
Loans and advances	(2,006)	(2,006)
Cash applied to investing transactions	(7,123)	(17,973)
Financing transactions		
Debt assumed	-	2,062
Debt retirement	(6,787)	(7,239)
Cash applied to financing transactions	(6,787)	(5,177)
(Decrease) increase in cash	(4,484)	9,862
Cash, beginning of year	64,772	54,910
Cash, end of year	$ 60,288	$ 64,772

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under the authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Conversion to Public Sector Accounting Standards

Commencing with the 2012 fiscal year, the Corporation has adopted Canadian public sector accounting (CPSA) standards. These financial statements are the first financial statements for which the Corporation has applied CPSA standards. The changeover became effective on 1 April 2011 with retroactive application to 1 April 2010.

In accordance with Section PS 2125, *First-Time Adoption by Government Organizations*, the Corporation has prepared a reconciliation to enable readers to understand the effects of the changeover on its financial position at the transition date 1 April 2010. The following table presents the reconciliation of the statement of financial position from the previous reporting framework, Canadian generally accepted accounting principles (CGAAP) to the current method of presentation as at the transition date. The impact of the conversion to CPSA standards on the accumulated surplus at the date of transition and the comparative annual surplus is presented in Note 19.

2. Conversion to Public Sector Accounting Standards (cont.)

	Note	CGAAP 1 April 2010	Adjustments	CPSA 1 April 2010
		(000's)	(000's)	(000's) (Unaudited)
Financial assets				
Cash	(a)	$ 61,177	$ (6,267)	$ 54,910
Accounts receivable	(d)	10,231	(9,214)	1,017
Land held for sale		1,322	-	1,322
Due from government and other other government organizations	(d)	-	11,505	11,505
Loans receivable		10,502	-	10,502
Receivable from municipalities - land transfers		1,448	-	1,448
Due from Province of Newfoundland and Labrador - Labrador Housing Programs	(d)	2,291	(2,291)	-
		86,971	(6,267)	80,704
Liabilities				
Accounts payable and accrued liabilities	(d)	14,594	(4,897)	9,697
Employee future benefits	(b)(d)	14,768	5,292	20,060
Due to government and other government organizations	(d)	-	1,125	1,125
Deferred revenue from CMHC	(c)(d)	29,418	(9,747)	19,671
Capital replacement fund	(a)	6,267	(6,267)	-
Mortgage insurance fund	(c)	3,252	(3,252)	-
Long-term debt	(d)	24,777	109,425	134,202
CMHC investment	(c)(d)	110,570	(110,570)	-
		203,646	(18,891)	184,755
Net debt		(116,675)	12,624	(104,051)
Non-financial assets				
Tangible capital assets	(e)(f)	201,405	(59,551)	141,854
Inventories held for use	(d)	355	-	355
Prepaid expenses	(d)	3,556	-	3,556
		205,316	(59,551)	145,765
Accumulated surplus		$ 88,641	$ (46,927)	$ 41,714

2. Conversion to Public Sector Accounting Standards (cont.)

(a) Under CPSA standards, amounts held in trust on behalf of external parties are not considered available for the use or benefit of the Corporation. In accordance with CPSA standards, amounts held in trust are not to be included on the Corporation's statement of financial position. CPSA standards require the Corporation to disclose funds held in trust. See Note 23 for disclosure of trust held by the Corporation.

(b) Under CPSA standards, a liability and an expense are recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services. As a result, a liability was actuarially determined for severance pay and non-vesting sick leave benefits at the date of transition and an adjustment to increase the employee future benefits liability by $718,000 was made to retroactively apply the standard.

(c) Under CGAAP, government grants received by the Corporation pertaining to the CMHC Social Housing Agreement and the Province of Newfoundland and Labrador operating grant – Affordable Housing Trust were deferred in the statement of financial position and recognized through the statement of operations and accumulated surplus in the period in which related expenditures were incurred. As described in Note 4, the Corporation elected to early adopt Section PS 3410 Revised, *Government Transfers*, of the CPSA standards. Under this CPSA standard, government grants are recognized as revenue when authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Corporation. As a result, the balance of deferred revenue at the date of transition was reviewed and it was determined that $8,945,000 should be recognized as revenue in accordance with the definition under CPSA standards. Accordingly, an adjustment was made to retroactively apply the standard.

Also, under CGAAP, a capital grant received from CMHC was deferred in the statement of financial position. An adjustment has been made to recognize the balance of the deferred capital grant at the date of transition of $1,145,000 as revenue to retroactively apply the standard.

Under CGAAP, the mortgage insurance fund was deferred in the statement of financial position and recognized through the statement of operations in the period in which associated losses and costs were incurred. An adjustment has been made to recognize the balance of the mortgage insurance fund of $3,252,000 as revenue to retroactively apply the standard.

(d) Certain comparative figures have been reclassified to conform to the financial statement classifications adopted in 2012.

(e) The Corporation has adopted new accounting policies pertaining to tangible capital assets as described in Note 4.

(f) Certain comparative figures have been restated to correct understatements as explained in Note 29.

3. Summary of significant accounting policies

(a) Basis of accounting

These financial statements are prepared by management in accordance with CPSA standards for provincial reporting entities as established by the Canadian Public Sector Accounting Board (PSAB).

(b) Land held for sale

Land held for sale is recorded at the lower of cost and net realizable value.

(c) Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt and is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances.

(d) Employee future benefits

The cost of retirement life insurance and health care benefits, severance pay, and non-vesting sick leave benefits are actuarially determined using management's best estimate of long-term inflation rate, compensation increase, discount rate and accumulated days at retirement.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Rental properties	40 years
Office buildings	40 years
Furniture and office equipment	10 years
Maintenance tools and equipment	10 years
Computer hardware and software	4 years
Vehicles	5 years

3. Summary of significant accounting policies (cont.)

(e) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to meet its mandate, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

(f) Inventories held for use

Inventories held for use include rental property parts and supplies and are recorded at the lower of historical cost and replacement cost.

(g) Prepaid expenses

Prepaid expenses include property taxes, subsidies, insurance, licenses and rent and are charged to expenses over the periods expected to benefit from it.

(h) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Corporation.

Interest income is accounted for on the accrual basis for all loans, other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired.

(i) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

3. Summary of significant accounting policies (cont.)

(j) Measurement uncertainty

The preparation of financial statements, in conformity with CPSA standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, recoverable value of land held for sale, estimated employee future benefits and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

4. Changes in accounting policies

The Corporation has adopted the following new accounting policies:

(a) Section PS 3410 Revised, *Government Transfers*

Section PS 3410, *Government Transfers*, was amended by the PSAB in December 2010. The main changes pertain to recognition criteria for government transfers, affecting how the Corporation accounts for such transfers. These amendments are effective for fiscal years beginning on or after 1 April 2012 and earlier adoption is encouraged.

The Corporation elected to early adopt the section for the year ended 31 March 2012. The impact on deferred revenue at the date of transition is as described in Note 2(c). The impact of the change on the 31 March 2011 statement of operations and accumulated surplus is a decrease in the Province of Newfoundland and Labrador operating grant revenue of $4,467,000 and an increase in CMHC revenue of $81,000. The impact of the change on the 31 March 2012 statement of operations and accumulated surplus is a decrease in the Province of Newfoundland and Labrador operating grant revenue of $1,232,000 and a decrease in CMHC revenue of $111,000.

4. Changes in accounting policies (cont.)

(b) Tangible capital assets

Prior to 1 April 2011, buildings and rental properties were recorded at net book value which included the cost of land. Amortization of buildings and rental properties was calculated using the following methods:

Buildings	Declining balance, 2%
Non-profit rental properties	Sinking fund, 25-50 years
Non-profit rental property renovation costs	Sinking fund, 15 years
Market housing rental properties	Declining balance, 2%
Affordable Housing Trust rental properties	Straight line, 25 years

The Corporation has estimated the portion of net book value assigned to land and changed the basis of amortization to straight line, 40 years, for all buildings and rental properties. The Corporation also increased its threshold for capitalization of furniture and office equipment, computer hardware and software, and maintenance tools and equipment from $2,000 to $10,000. These changes in accounting policies are applied retroactively to 1 April 2010. The impact of the change on the statement of financial position as at 31 March 2011 is a decrease in tangible capital assets and a decrease in accumulated surplus beginning of year of $66,397,000 (1 April 2010 - $68,626,000). The impact of the change on the statement of operations and accumulated surplus for the year ended 31 March 2011 is an increase to annual surplus for the year of $2,229,000. The impact of the change on the 31 March 2012 statement of financial position and statement of operations and accumulated surplus is not readily determinable.

5. Accounting pronouncements

In March 2011, the PSAB approved new Section PS 3450, *Financial Instruments*, Section PS 2601, *Foreign Currency Translation*, to replace current Section PS 2600, *Foreign Currency Translation* and Section PS 1201, *Financial Statement Presentation*, to replace current Section PS 1200, *Financial Statement Presentation*. The three sections are effective for fiscal years beginning on or after 1 April 2012 for government organizations but earlier adoption is permitted. Government organizations are required to adopt the three sections in the same year. The Corporation is still evaluating the impact of adopting these new sections in the coming year but the impact is not expected to be material.

6. Accounts receivable

	2012	2011
	(000's)	(000's) (Unaudited)
Harmonized sales tax receivable	**$ 1,056**	$ 1,304
Rents	**216**	118
Other	**436**	162
	1,708	1,584
Less: provision for doubtful accounts	**(131)**	(83)
	$ 1,577	$ 1,501

7. Land held for sale

	2012 (000's)	2011 (000's) (Unaudited)
Land held for sale, beginning of year	$ 1,322	$ 1,322
Cost incurred during the year:		
Impairment recognized during year	(1,322)	-
Land development	534	66
	534	1,388
Less: cost of earned sales recognized during year	-	(66)
	$ 534	$ 1,322

In September 1998, the Province directed the Corporation to divest of the majority of its land holdings. Land held for sale is valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

8. Due from government and other government organizations

	2012 (000's)	2011 (000's) (Unaudited)
CMHC	$ 4,089	$ 6,201
Provincial government	596	1,378
Municipalities	266	378
	$ 4,951	$ 7,957

9. Loans receivable

	2012 (000's)	2011 (000's) (Unaudited)
Forgivable loans bearing no interest.	$ 71,212	$ 63,288
Promissory notes bearing fixed interest rates ranging from 0% to 12.75%, repayable in blended monthly principal and interest payments with due dates ranging from April 2012 to April 2041. These notes are unsecured and can be retired prior to maturity.	6,933	7,471
Mortgages bearing fixed interest rates ranging from 0% to 10.875%, repayable in blended monthly principal and interest payments with due dates ranging from April 2012 to November 2022. These mortgages are secured and can be retired prior to maturity.	1,788	2,471
Less: provision for forgivable loans	(71,212)	(63,288)
Less: provision for doubtful accounts	(1,386)	(1,364)
	$ 7,335	$ 8,578

10. Receivable from municipalities - land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreements. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

For the year ended 31 March 2012, 21 agreements were in place for the transfer of land to municipalities at a carrying value of $1,150,000 (2011 unaudited - $1,264,000).

11. Accounts payable and accrued liabilities

	2012 (000's)	2011 (000's) (Unaudited)
Trade accounts payable	$ 7,185	$ 7,744
Salaries and benefits payable	605	459
Accrued leave	1,883	1,711
Accrued interest payable	1,069	59
Other	498	716
	$ 11,240	$ 10,689

12. Employee future benefits

Information about obligations for retirement benefits and other employee future benefits is as follows:

(a) Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2011 – 8.6%). The Corporation's contributions equal the employees' contributions to the plan. The Corporation is not required to make contributions in respect of any actuarial deficiencies of the plan. The pension expense for the Corporation for the year ended 31 March 2012 was $1,393,199 (2011 unaudited - $1,359,675).

12. Employee future benefits (cont.)

(b) Retirement and other employee future benefit liabilities

	2012				2011
	Retirement life insurance and health care benefits	Severance pay	Non-vesting sick leave benefits	Total Employee Benefits	Total Employee Benefits
	('000's)	('000's)	('000's)	('000's)	('000's) (Unaudited)
Accrued employee future benefit obligations, end of year	$ 22,655	$ 3,972	$ 1,126	$ 27,753	$ 23,810
Unamortized actuarial (loss) gain, end of year	(4,753)	34	(60)	(4,779)	(2,428)
Employee future benefits liability, end of year	$ 17,902	$ 4,006	$ 1,066	$ 22,974	$ 21,382

(c) Retirement and other employee future benefit expenses

	2012				2011
	Retirement life insurance and health care benefits	Severance pay	Non-vesting sick leave benefits	Total Employee Benefits	Total Employee Benefits
	('000's)	('000's)	('000's)	('000's)	('000's) (Unaudited)
Current year benefit cost, net of employer contributions and benefit payments	$ 170	$ (247)	$ (48)	$ (125)	$ (331)
Interest on accrued benefit obligation	1,127	195	54	1,376	1,310
Recognized actuarial losses (gains)	343	(5)	3	341	343
Employee future benefit expenses	$ 1,640	$ (57)	$ 9	$ 1,592	$ 1,322

12. Employee future benefits (cont.)

(d) Retirement and other employee future benefits

i. Retirement life insurance and health care benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health care benefits. The Corporation pays 100% of retirees' life insurance premiums after age 65. For the year ended 31 March 2012, the health plan provided benefits to 167 retirees and the life insurance plan to 177 retirees.

ii. Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity. The Corporation's severance liability also includes a provision for employees with less than nine years of continuous service, based upon the Corporation's best estimate of the probability of having to pay severance to those employees. For the year ended 31 March 2012, a severance liability was calculated for 398 employees.

iii. Non-vesting sick leave benefits

All unionized employees hired before 4 May 2004 are credited with 2 days per month and all unionized employees hired thereafter are credited with 1 day per month for use as paid absences in the year due to illness. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements. For the year ended 31 March 2012, a sick leave liability was calculated for 354 employees.

iv. Actuarial valuation

The accrued benefit obligations for employee future benefit plans for the year ended 31 March 2012, are based on an actuarial valuation for accounting purposes for the year ended 31 March 2012.

12. Employee future benefits (cont.)

(d) Retirement and other employee future benefits (cont.)

iv. Actuarial valuation (cont.)

The actuarial valuation is based on assumptions about future events. The economic assumptions used in this valuation are the Corporation's best estimates of:

	2012 (000's)	2011 (000's) (Unaudited)
Long-term inflation rate	**2.0%**	2.5%
Compensation increase	**4.0%**	4.0%
Discount rate	**5.0%**	5.0%
Health care cost trend	**7.5%**	7.5%

Other assumptions used in the valuation include wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates.

v. Experience gains or losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

13. Due to government and other government organizations

	2012 (000's)	2011 (000's) (Unaudited)
CMHC	$ **154**	$ 48
Provincial government	**78**	123
Provincial government business enterprises	**24**	2
Municipalities	**581**	1,566
	$ **837**	$ 1,739

14. Deferred revenue

	Balance, beginning of year	Billings/receipts during year	Transferred to revenue	Balance, end of year
	(000's) (Unaudited)	(000's)	(000's)	(000's)
CMHC Affordable Housing Program	$ 10,718	$ 2,883	$ (2,389)	$ 11,212
CMHC Economic Stimulus Program	9,634	-	(7,510)	2,124
CMHC Provincial Home Repair Program	389	4,100	(4,261)	228
	$ 20,741	$ 6,983	$ (14,160)	$ 13,564

Deferred revenue from Canada Mortgage and Housing Corporation (CMHC) relates to the unearned balance of funds from CMHC for programs as outlined under various federal-provincial agreements. The deferred revenue will be recognized as revenue when the related expenses are incurred. If the funds are not spent for the programs specified under the agreements, they will have to be repaid to CMHC. As of 31 March 2012, CMHC funding in the amount of $13,564,000 was received but not earned.

15. Long-term debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2012 (000's)	2011 (000's) (Unaudited)
Long term debt obligation arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to Canada Mortgage and Housing Corporation, bearing fixed interest rates ranging from 5.50% to 19.75%, repayable in blended monthly principal and interest payments of $1,443,904 with due dates ranging from April 2012 to December 2037. This debt is not secured and cannot be retired prior to maturity.	$ 97,690	$ 102,500
Canada Mortgage and Housing Corporation fixed rate term debentures, at variable interest rates of 1.67% to 2.75% repayable in blended monthly installments of $180,539, with final due dates ranging from December 2021 to January 2030. This debt is not secured and can be retired prior to maturity.	24,099	25,596
Long term debt obligation arising from the Canada-Newfoundland Global Agreement on Social Housing of February 1996, Canada-Newfoundland Operating Agreement of June 1986, and the Canada-Newfoundland Agreement on the Provincial Home Repair Program of January 1999 payable to Canada Mortgage and Housing Corporation, bearing fixed interest rates ranging from 0.00% to 12.75%, with final due dates ranging from April 2012 to September 2020. This debt is not secured and can be retired prior to maturity.	449	929
	$ 122,238	$ 129,025

Anticipated annual principal repayments over the next five years and thereafter are as follows:

	(000's)
2013	$ 6,375
2014	6,435
2015	6,519
2016	6,347
2017	5,497
2018 - 2038	91,065
	$ 122,238

Interest expense for the year on outstanding debt totalled $13,630,000 (2011 unaudited - $13,217,000) and is included in interest and bank charges in the segmented information by object (Note 21).

16. Tangible capital assets

31 March 2012

	Land (000's)	Rental properties (000's)	Office buildings (000's)	Furniture and office equipment (000's)	Maintenance tools and equipment (000's)	Computer hardware (000's)	Computer software (000's)	Vehicles (000's)	Total (000's)
Cost									
Opening balance	$ 54,746	$ 230,721	$ 9,058	$ 317	$ 86	$ 1,403	$ 2,591	$ 2,089	$ 301,011
Additions	48	1,544	-	21	-	93	237	199	2,142
Disposals	(80)	(641)	-	(48)	-	(598)	(1,470)	(68)	(2,905)
Write-downs	-	(153)	-	(4)	-	(4)	-	-	(161)
Closing balance	$ 54,714	$ 231,471	$ 9,058	$ 286	$ 86	$ 894	$ 1,358	$ 2,220	$ 300,087
Accumulated amortization									
Opening balance	-	152,821	3,382	142	13	1,064	2,277	1,105	160,804
Amortization	-	5,324	226	25	9	190	215	364	6,353
Disposals	-	(392)	-	(48)	-	(598)	(1,470)	(68)	(2,576)
Write-downs	-	(81)	-	(1)	-	(3)	-	-	(85)
Closing balance	$ -	$ 157,672	$ 3,608	$ 118	$ 22	$ 653	$ 1,022	$ 1,401	$ 164,496
Net book value	**$ 54,714**	**$ 73,799**	**$ 5,450**	**$ 168**	**$ 64**	**$ 241**	**$ 336**	**$ 819**	**$ 135,591**

16. **Tangible capital assets (cont.)**

31 March 2011
(Note 4)
(Note 29)
(Unaudited)

	Land	Rental properties	Office buildings	Furniture and office equipment	Maintenance tools and equipment	Computer hardware	Computer software	Vehicles	Total
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Cost									
Opening balance	$ 53,995	$ 227,111	$ 8,982	$ 317	$ 86	$ 1,393	$ 2,525	$ 2,099	$ 296,508
Additions	780	3,783	76	-	-	10	66	311	5,026
Disposals	(29)	(173)	-	-	-	-	-	(321)	(523)
Closing balance	$ 54,746	$ 230,721	$ 9,058	$ 317	$ 86	$ 1,403	$ 2,591	$ 2,089	$ 301,011
Accumulated amortization									
Opening balance	-	147,653	3,156	114	4	831	1,821	1,075	154,654
Amortization	-	5,298	226	28	9	233	456	351	6,601
Disposals	-	(130)	-	-	-	-	-	(321)	(451)
Closing balance	$ -	$ 152,821	$ 3,382	$ 142	$ 13	$ 1,064	$ 2,277	$ 1,105	$ 160,804
Net book value	$ 54,746	$ 77,900	$ 5,676	$ 175	$ 73	$ 339	$ 314	$ 984	$ 140,207

16. Tangible capital assets (cont.)

Cost of rental properties at 31 March 2012 includes work in progress of $1,039,000 (2011 unaudited - $10,000). Additions to tangible capital assets include contributed tangible capital assets of $nil (2011 unaudited - $1,199,000).

17. Prepaid expenses

Prepaid expenses consist of:

	2012 (000's)	2011 (000's) (Unaudited)
Property taxes and other municipal fees	$ 2,741	$ 2,735
Rent supplement subsidies	512	438
Insurance costs	227	182
Workers' compensation fees	214	342
Software licenses	35	20
Rent	3	9
Other	7	4
	$ 3,739	$ 3,730

18. Contingent liabilities

(a) Guaranteed debt

The Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain CMHC debt of partner managed housing operators. For the year ended 31 March 2012, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was $89,648,000. There was no provision for losses during the year on the loan guarantees.

(b) Legal liabilities

A claim has been filed against the Corporation for $390,000 for an alleged breach of contract relating to the renovation of a Corporation-owned rental property. This claim has not progressed far enough to enable the formation of a definite opinion as to its outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

A number of smaller claims have been filed against the Corporation for alleged breach of contract, general damages and personal claims. These claims have not progressed far enough to enable the formation of a definite opinion as to their outcomes. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

18. Contingent liabilities (cont.)

(c) Environmental issues

Possible environmental liabilities exist for the following:

i. In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled $2,720,000. As well, based on the studies completed to date, further remediation is estimated to cost $10,000,000. The estimated cost does not contain provision for any inflation since the study was completed.

ii. In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of $6,000,000. The estimated cost does not contain provision for any inflation since the study was completed.

iii. In 1999, the Corporation learned of possible environmental liabilities relating to the 17 underground fuel tanks in its St. John's properties located at Buckmaster's Circle. As a result of an environmental study conducted in 2000, the cost of environment remediation related to this property is estimated at $1,000,000. To date, expenditures related to this work have totalled $319,000. All 17 tanks have been removed and remediation has been completed on seven of the 17 sites. The estimated cost does not contain the provision for any inflation since the study was completed.

iv. In 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. The cost of environmental remediation is estimated at $1,400,000. It is currently estimated that there are 21 underground fuel tanks at these properties. To date, expenditures related to this work have totalled approximately $316,000. Removal and remediation has been completed on nine of the estimated 21 sites.

v. In 2009, The Corporation learned of possible environmental liabilities relating to seven underground fuel tanks in its St. John's properties located at Pleasantville. The cost of environmental remediation is estimated at $700,000.

vi. In 2009, the Corporation learned of possible environmental liabilities relating to electrical transformers containing polychlorinated biphenyls (PCBs) located around its St. John's properties at Chalker Place. The cost of environmental remediation is estimated at $200,000. To date, the expenditures related to this work have totalled approximately $33,000. Removal has been completed on two transformers.

18. Contingent liabilities (cont.)

(c) Environmental issues (cont.)

vii. In 2010, the Corporation learned of possible environmental liabilities relating to 43 fuel tanks at its St. John's properties in the Guy Street-Whiteway Street area. The cost of environmental remediation is estimated at $1,290,000. To date, expenditures related to this work have totalled approximately $110,000.

viii. In 2011, the Corporation learned of possible environmental liabilities relating to fuel tanks at its St. John's properties in the Druggett Place area, Corner Brook properties in the Vine Place area, Hopedale properties in the Carpenters Loop area, and Nain properties in the Main Street area. The cost of environmental remediation is estimated at $100,000. To date, expenditures related to this work have totalled approximately $100,000.

The Corporation's ability to remediate these sites is dependent upon further funding from the Province of Newfoundland and Labrador.

19. Accumulated surplus

The accumulated surplus is made up as follows:

	2012 (000's)	2011 (000's) (Unaudited)
Accumulated surplus beginning of year as originally reported	$ **31,052**	$ 25,780
Adjustments to accumulated surplus		
Deferred revenue (Note 2)	**8,956**	13,342
Employee future benefits (Note 2)	**(637)**	(718)
Contributed capital - Province of Newfoundland and Labrador	**62,861**	62,861
Tangible capital assets (Note 4)	**(66,397)**	(68,626)
Prior year tangible capital assets understatement (Note 29)	**10,274**	9,075
Accumulated surplus beginning of year as restated	**46,109**	41,714
Annual surplus for the year as originally reported	**(1,415)**	5,272
Adjustments to annual surplus for the year		
Deferred revenue (Notes 2 and 4)	-	(4,386)
Employee future benefits (Note 2)	-	81
Tangible capital assets (Note 4)	-	2,229
Prior year tangible capital assets understatement (Note 29)	-	1,199
Annual surplus for the year as restated	**(1,415)**	4,395
Accumulated surplus - end of year	$ **44,694**	$ 46,109

20. Contractual obligations

	2012 (000's)	2011 (000's) (Unaudited)
Uncompleted purchase and construction contracts	$ 6,749	$ 12,829
Commitments under lending programs	22,765	25,401
Commitments under grant programs	2,178	6,115
	$ 31,692	$ 44,345

Contractual obligations are those to outside organizations in respect of contracts entered into on or before 31 March 2012. These contractual obligations will become liabilities when the terms of the contracts are met.

21. Segmented information by object

The Corporation reports its revenue and expenses by program area as outlined in its approved budget.

21. Segmented information by object (cont.)

	Rental operations		Partner managed housing		Affordable housing investments		Rent supplement		Land development		Administration		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	($000's)	($000's) (Unaudited)	($000's)	($000's) (Unaudited)	($000's)	($000's) (Unaudited)	($000's)	($000's) (Unaudited)	($000's)	($000's) (Unaudited)	($000's)	($000's) (Unaudited)	($000's)	($000's) (Unaudited)
Revenues														
Province of Newfoundland and Labrador operating grant	$ 355	$ 450	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,472	$ 57,345	$ 52,827	$ 57,795
CMHC revenue	-	-	-	-	14,173	20,077	-	-	-	-	46,546	48,259	60,719	68,336
Other government sources	252	1,576	-	-	80	-	-	-	-	-	-	-	332	1,576
Rent	20,337	19,659	-	-	-	-	-	-	-	-	-	-	20,337	19,659
Interest	-	-	-	-	-	-	-	-	-	-	1,218	1,365	1,218	1,365
Land sales	-	-	-	-	-	-	-	-	205	102	-	-	205	102
Profit from land sales by municipalities	-	-	-	-	-	-	-	-	537	674	-	-	537	674
Gain on sale of tangible capital assets	2	-	-	-	-	-	-	-	-	-	-	-	2	-
Other	-	-	-	-	342	632	-	-	-	-	114	(34)	456	598
	20,946	21,685	-	-	14,595	20,709	-	-	742	776	100,350	106,935	136,633	150,105
Expenses														
Rental property operating costs	32,711	33,034	-	-	-	-	-	-	-	-	-	-	32,711	33,034
Amortization	5,267	5,227	416	416	-	-	-	-	-	-	670	958	6,353	6,601
Grants and subsidies	9,046	7,699	10,873	12,686	23,133	33,615	7,391	6,490	-	-	789	1,050	51,232	61,540
Land costs	-	-	-	-	-	-	-	-	-	66	-	-	-	66
Other administration	-	-	-	-	-	-	-	-	-	-	4,576	4,272	4,576	4,272
Salaries and benefits	7,838	7,539	-	-	-	-	-	-	-	-	18,391	17,747	26,229	25,286
Interest and bank charges	12,939	12,374	619	703	227	402	-	-	-	-	1,423	1,349	15,208	14,828
Loss on sale of tangible capital assets	-	7	-	-	-	-	-	-	-	-	-	-	-	7
Valuation allowances	241	83	-	-	172	(7)	-	-	1,322	-	4	-	1,739	76
	68,042	65,963	11,908	13,805	23,532	34,010	7,391	6,490	1,322	66	25,853	25,376	138,048	145,710
Annual surplus (deficit)	**$ (47,096)**	**$ (44,278)**	**$ (11,908)**	**$ (13,805)**	**$ (8,937)**	**$ (13,301)**	**$ (7,391)**	**$ (6,490)**	**$ (580)**	**$ 710**	**$ 74,497**	**$ 81,559**	**$ (1,415)**	**$ 4,395**

22. Related party transactions

(a) Transactions with related parties

	2012 (000's)	2011 (000's) (Unaudited)
REVENUES		
Province of Newfoundland and Labrador operating grant		
Consolidated Revenue Fund	$ 52,827	$ 57,795
Rent		
Consolidated Revenue Fund	100	121
Labrador-Grenfell Regional Health Authority	59	59
Western Regional Health Authority	15	15
Eastern Regional Health Authority	9	9
EXPENSES		
Rental operations		
Consolidated Revenue Fund	140	137
Nalcor Energy	43	26
Western Regional Health Authority	-	1
Partner managed housing		
Eastern Regional Health Authority	967	1,293
Western Regional Health Authority	973	464
Central Regional Health Authority	404	458
Labrador-Grenfell Regional Health Authority	25	62
Administration		
Consolidated Revenue Fund	1,195	1,421
Memorial University of Newfoundland	92	58
Eastern Regional Health Authority	39	40
College of the North Atlantic	1	1
Nalcor Energy	1	-
Western Regional Health Authority	1	2

22. Related party transactions (cont.)

(b) Balances due from and to related parties

	2012 (000's)	2011 (000's) (Unaudited)
Due from government and other government organizations		
Consolidated Revenue Fund	$ 592	$ 1,378
Central Regional Health Authority	4	-
Due to government and other government organizations		
Consolidated Revenue Fund	63	112
Nalcor Energy	24	2
Memorial University of Newfoundland	13	4
Eastern Regional Health Authority	2	1
Labrador-Grenfell Regional Health Authority	-	6

23. Trust under administration

For the year ended 31 March 2012, the balance of funds held in trust was $4,701,000 (2011 unaudited - $6,012,000). The funds are held on behalf of various non-profit housing groups to provide for the future replacement or repair of capital items.

24. Statement of cash flows - other

	2012 (000's)	2011 (000's) (Unaudited)
Accounts receivable	$ (76)	$ (484)
Due from government and other government organizations	3,006	3,548
Accounts payable and accrued liabilities	551	992
Due to government and other government organizations	(902)	614
Inventories held for use	(28)	1
Prepaid expenses	(9)	(174)
	$ 2,542	$ 4,497

25. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

26. Comparative figures

Certain comparative figures as at 31 March 2011 and 1 April 2010 and for the year ended 31 March 2011 have been restated to conform to current year's presentation.

27. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors and the Lieutenant-Governor in Council.

28. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.

29. Prior year tangible capital assets understatement

During the year, it was determined that tangible capital asset information was previously reported in a manner that was inconsistent with the Corporation's tangible capital asset policies. As a result, the cost of tangible capital assets as at 1 April 2010 was understated by $9,075,000 and has been revised to correct this understatement. The comparative figures for 1 April 2010 have been restated to reflect the impact of this prior year accounting understatement.

The accumulated surplus as at 1 April 2010 has also been increased by $9,075,000. Further adjustments were also required to the revised accumulated surplus as explained in Note 19.

During the year, it was also determined that the Corporation did not record donated tangible capital assets, which were valued at $1,199,000, at the time of acquisition during the year ended 31 March 2011. As a result, the cost of tangible capital assets as at 31 March 2011 was understated by a total of $10,274,000, which includes the understatement of $9,075,000 that existed as at 1 April 2010. The cost of tangible capital assets has been revised to correct this understatement. The comparative figures for 31 March 2011 have been restated to reflect the impact of this prior year accounting understatement.

29. Prior year tangible capital assets understatement (cont.)

The accumulated surplus as at 31 March 2011 has also been increased by $10,274,000. Further adjustments were also required to the revised annual surplus (deficit) and the revised accumulated surplus as explained in Note 19.

The understatement of the cost of tangible capital assets would also result in an increase in accumulated amortization. However, the impact of the increase on accumulated amortization was not readily determinable. The increase in accumulated amortization as a result of the understatement would be included in the overall change in accumulated amortization as at 1 April 2010 and 31 March 2011 that was also impacted by the change in accounting policy related to tangible capital assets as outlined in Note 4.

Appendices

Secure Foundations

The Social Housing Plan - *Secure Foundations* was released in August 2009. This plan outlines the key issues and strategic action priorities of government in addressing the housing needs of Newfoundlanders and Labradorians.

The Plan's vision is in line with the corporation's overall vision that all Newfoundlanders and Labradorians have access to secure and affordable housing.

Valuable input into the development of the Plan was provided through province-wide consultations with individuals and organizations. This collaborative approach is continued annually with a Stakeholder Input Session to obtain a community level perspective of ever changing social housing issues and a range of potential solutions.

Goals:

1. Increased emphasis on individual well-being and strengthened communities.
2. Strengthened partnerships and management practices.
3. Improved housing assistance.

The Strategic Action Priorities set the course for the actions taken by government and align with our core business areas to fulfill our mandate and meet stakeholder's expectations. Following are key accomplishments from the **first three years** of the Social Housing Plan.

Secure Foundations Priorities

Preserving privately owned homes by assisting with cost of essential repairs.

Key Accomplishments

- Doubled Provincial share of funding for the Provincial Home Repair Program (PHRP).
- Facilitated $8.2 million fund with four Aboriginal organizations for major home repairs and new home construction.
- Increased by 43 percent the number of households served under PHRP (since 2007). Applications on the waitlist have declined by 68 percent since March 2008.

Secure Foundations Priorities

Providing quality, affordable rental accommodation through direct delivery programs and partnerships with non-profit and private-sector providers.

Key Accomplishments

- Expanded the Rent Supplement Program from 1,000 rent supplements (which is the level it was at for 25 years) to 1,542.
- Made significant investments to build new units whenever possible and reconfigure larger units to smaller units where feasible.
- Built four new units in Nain and four new units in Hopedale, Labrador.
- Tripled annual funding commitment for exterior and interior retrofits.
- Continued renewal of several high density neighbourhoods.
- Significantly increased investment in unit upgrades during the two-year Economic Stimulus Plan (2009-11).

Promoting the development of more new affordable housing.

- Committed four different phases of the Affordable Housing Program Funding.

98 projects built through the private-sector and 29 projects built by the non-profit sector.

Supporting home modifications to address accessibility needs of seniors and persons with disabilities.

- Implemented the Home Modification Program with dedicated funding to provide grants to homeowners with low-incomes who require modifications or accessibility upgrades in order to stay in their homes.
- Committed capital funding for 212 fully accessible new Affordable Housing rental units (since 2007).
- Developed 24 accessible public housing units since 2007.
- Implemented a requirement that all new Affordable Housing proposals contain universal design principles (Newfoundland was the first province in Canada to make this requirement).

Secure Foundations Priorities

Promoting energy efficient renovations to improve energy conservation for homeowners with lower-incomes.

Key Accomplishments

- Introduced the Residential Energy Efficiency Program (REEP) and approved grants for 3,350 homeowners with low-incomes since 2009. Average heating cost savings of $775/year (35 percent) per household.
- The number one upgrade required under REEP is insulation.

Preserving NLHC homes to ensure they meet current and future needs while improving overall energy efficiency during renovations.

- Made energy efficiency improvements to many public affordable housing units.
- Partnered with Choices for Youth on youth employment for the Train-for-Trades initiative to provide energy retrofits to public housing units.
- Undertook major renovations on several units to reconfigure large four bedroom units into small one and two bedroom units.

Secure Foundations Priorities

Working with government and community partners to develop housing options which prevent homelessness by integrating housing and other services and promote housing stability.

Key Accomplishments

- Introduction of the Supportive Living Community Partnership Program, overseen by an Interdepartmental Advisory Committee. Annual operational funding of $4.8 million for provided supports for individuals with complex service needs.
- Committed capital funding for 35 projects under the Provincial Homelessness Fund to develop support services space.
- Committed funding to renovate 82 community-based housing projects that serve more than 1,400 people.
- More than doubled operating funding for NLHC community centres.
- Introduced the Education Incentive Program (1,400 people $50/month).
- Provided two technical positions to support non-profit housing organizations plan and manage retrofit and/or develop projects.
- Established a staff position to coordinate with supportive living community partners in delivering housing assistance to persons with complex service needs.

Volunteer representatives from local Tenant Associations

Strategic Partnerships

NLHC supports government's strategic commitments in many policy areas through participation on cross-departmental committees that guide the development of priority initiatives. The collaborative approach to this type of work helps ensure government takes a holistic view of the needs of residents. Many Social Housing Plan initiatives that have been implemented since the release of the Plan in 2009 support these other government strategies, and these initiatives continued in 2011-12 and some new ones were introduced.

Strategic Initiative	NLHC Support
Poverty Reduction Strategy	• Education Incentive Program • Increased funding to Community Centre Programs • Provincial Homelessness Fund Program • Expansion of Rent Supplement Program
Access. Inclusion. Equality.	• Home Modification Program and Rental RRAP • Requirement for AHI proposals to include "universal design" principles • Increase the proportion of NLHC stock with accessibility features
Healthy Aging Policy Framework	• New Affordable Housing stock (built under AHI) mostly targeted at seniors • Home Modification Program • Rental RRAP
Northern Strategic Plan	• Implementation of specialized Oil Tank Replacement Program • New units built in Nain and Hopedale • Significant funding for Partner Managed Housing renovations
Violence Prevention Initiative	• Victims of Family Violence Policy • Staff participation in Regional Committees Against Violence
Youth Retention and Attraction Strategy	• Partner in the Hiring Apprenticeship Program initiative
Climate Change Action Plan	• Residential Energy Efficiency Program • Partnership with Choices for Youth on retrofitting public housing • Overall retrofitting of public housing during scheduled modernization and improvement
Long-Term Care and Community Support Services Strategy	• Home Modification Program

Participation on Community and Regional Committees

NLHC's community partnerships are enhanced through the work of many community and regional committees. Strong working relationships with community leaders and government colleagues support more effective responses to local housing needs and coordination of services across organizations that serve the same clients.

Newfoundland and Labrador Housing and Homelessness Network (NLHHN)	A group of community-based service providers, municipal, provincial and federal departments and agencies, and representatives of persons at risk of homelessness who are committed to working on issues related to homelessness and housing.
Elder Abuse Committee of Newfoundland & Labrador (EACNL)	A committee to raise awareness of elder abuse and to share information about referral and intervention services.
Habitat For Humanity	A non-profit organization that helps low-income families achieve home ownership by mobilizing volunteers and community partners to build affordable housing.
Statistics Coordinating Committee	Committee established for sharing of housing data and statistics by community and government partners.
St. John's Community Advisory Board	Community-based committee established by Human Resources Development Canada (HRDC) to provide input on initiatives under the Homelessness Partnership Strategy.
Mayor's Advisory Committee on Affordable Housing and Homelessness (MACAH)	A committee of government, community, and private-sector stakeholders (and related working groups) established by the City of St. John's to guide the implementation and evaluation of its Affordable Housing Action Plan.
Vibrant Communities Leadership Team	A collaboration of community, business and government representatives focused on the development of poverty reduction projects. An initiative of the Community Sector Council Newfoundland and Labrador.
Community Sector Council - Project *MONEY* Advisory Board	Committee to guide a financial literacy initiative for low-income persons living in social housing.
The Grand Concourse Authority	The Authority is a non-profit organization responsible for developing and managing an integrated system of walkways and amenities in the St. John's, Mount Pearl and Paradise area. Members represent all levels of government, institutions, foundations, commissions, and other public authorities, on whose land the Grand Concourse is situated. The Authority supports other groups by sharing technical knowledge and practical experience.
Community Advisory Boards	Burin Region, Baccalieu Region/Bay Roberts, Clarenville-Bonavista, Corner Brook Community Coalition for Housing, Gander-New-Wes-Valley, Grand Falls-Windsor, Happy Valley-Goose Bay Coalition on Housing, Labrador West Coalition on Housing, St. John's, Stephenville Housing Stability Initiative, Coast of Bays, Mount Pearl and Northern Peninsula.

Community Centre Boards	Community Centres operate within NLHC neighborhoods and have a volunteer Board of Directors comprised mainly of community and tenant representatives. The Boards are incorporated non-profit organizations established with the objective of enhancing community capacity and building tenant self-reliance. They provide policy and program guidance and ensure accountability for the operation of the centre within its mandate and established principles.
Regional Committees Against Violence	Regional network of government and community partners that work collaboratively to share information, encourage public awareness and improve responses to the problem of violence.
Regional Homelessness Partnering Initiatives	Regional committees working on community plans to address housing needs.
Regional Senior Management Councils	Information sharing and coordination of activities for enhanced effectiveness of services and programs for shared clients of the Department of Advanced Education and Skills, Regional Health Authorities and NLHC.
Interdepartmental Working Group (IWG) - Poverty Reduction Strategy	Provides departmental input into strategy.
Interdepartmental Advisory Committee (IAC) - Supporting Clients with Complex Needs	Contributes to the development of supportive living options and models for clients with complex needs.
NAVNET	Inter-system Collaborative Network which works to improve access to services and supports required by individuals who have complex service needs.
Interdepartmental Working Group (IWG) - Aging and Seniors	Provides departmental input into the development of the Provincial Healthy Aging Policy Framework.
Interdepartmental Steering Committee - Long-Term Care and Community Support Services	Provides guidance to the Department of Health and Community Services in formulating recommendations to reform the LTC-CSS system.
Interdepartmental Working Group (IWG) - Disability Policy Office	Provides input and contributes to planning to ensure that government services and programs include persons with disabilities.
Homelessness Partnering Initiatives	Regional committees working on community plans to address housing needs.
Canadian Home Builders Association Eastern Newfoundland	Assist its members in serving the needs and meeting the aspirations of Eastern Newfoundlanders for housing. It achieves an environment in which members can operate successfully and promote affordability and choice for housing.
REAL Committee	The REAL program provides the means for children and youth of families with low-incomes to participate in social and recreational programs with little or no cost to their family.
Pleasant Manor	Pleasant Manor responds to the housing needs of mentally ill adults. It is also a system of teaching the skills needed in an individual's living, learning, working and social environment. Its primary goals for recovery are to achieve maximum community integration and the highest possible quality of life.

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